

Earning Is an Occupation . . .

By Pearl Rock

"Earning is an occupation,
Wise spending is a fine art."

IT IS generally accepted that the average American is an unusually good money-maker and a remarkably poor spender.

Wise buying is quite as effective in money making as successful production or selling is in large business firms where the buyers receive much larger salaries than the salesmen. The homemaker in many cases will find that if she will make a business of her spending and study it, that she can make a real contribution to the family income, as well as get much more satisfactory returns for the money spent.

A judge in the court of domestic relations in New York has estimated that the chief causes for nine-tenths of the divorce cases in that court are traceable to misunderstandings due to the mismanagement of family funds.

One of the most effective means of solving family money problems and of making the income do one's bidding is through the use of a budget plan.

The word budget is often misused in referring to a record of family expenditures. A family budget is not a home account of income and expenditures, but is a very definite plan, containing estimates of probable expenditures which will be made by the family during a given period of time. Budgets are usually planned for a year in advance.

"Please send me a budget for an income of \$1,560 which will enable a family of three to live comfortably," was the request sent to an Iowa State College instructor.

Budgets, however, are not like cake recipes, in which definite amounts of certain ingredients are mixed in a regular order to give a standard product. Each particular family requires its own recipe for budgeting finances, as there are so many factors to be considered. Foundation budgets are available for use as a guide in the solution of the individual problems.

CHANGES must be made according to the number in the family, physical conditions, the standards of living and the financial status of the family. The family that owns a house does not need to allow a sum for rent, but they do have to allow for taxes, insurance, upkeep and repair.

A year's record of income and expenditure will supply data for making estimates of future spending. Expenditures

may be divided into two classes, fixed expenditures and those which lie in the region of choice, which are more variable from year to year. The latter are more difficult to estimate, and needs should be carefully considered before making decisions.

Last year's totals should be secured from the account book for such items of fixed expense as savings, insurance, taxes or rent, food, light, heat, water, telephone, household supplies, organization dues and subscriptions to papers and magazines. Any advantageous changes that can be made in these expenditures should be made. Since standards to a great extent must be individual, one must rely largely on his own best judgment in making choices. Judgment develops through experience, study and mistakes.

If the expenditures in the plan exceed the income, study the plan carefully and



determine what can best be eliminated. Weigh values and made readjustments so the income and expenditures will balance.

Divide the total yearly estimate for each sub-head by 12 to get the monthly allowance for each sub-group. These amounts should be placed at the heads of the proper columns on the budget line in the home account book at the beginning of the year.

At the end of each month study carefully from your account book your total expenditures for each group to detect leaks or unwise buying. Study your buying and learn to know values. If there is

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a surplus, add it to next month's allowance.

If carefully planned, the larger expenditures may be distributed through the year so that several of the larger expenditures will not fall in the same month.

IN HIS book, "The Business of the Household," Taber suggests the following percentages:

Food	30
Clothing	13
Rent	25
Housekeeping expenses.....	12
Education	6
Luxuries	4
All other expenses	10
	100

Ellen H. Richards gives the following percentages, which are often given as a standard:

Food	25
Rent	20
Clothing	15
Operating expenses	15
Higher life	20
	100

Food includes groceries, meats, dairy products and ice, while shelter covers rent or interest, taxes, upkeep, insurance and necessary furniture and furnishings.

Operating expenses are items such as soap, cleaning supplies, repairs, heat, light, water, laundry, service, telephone, household supplies, such as candles, soap, brushes, postage, express and insurance on household goods. Small leaks in household expenditure are most frequently found in the operating section because they are often small and therefore overlooked.

Clothing includes accessories—collars, ties, jewelry—as well as the cleaning, pressing and repair expense.

Insurance, other than property, savings, recreation, education, entertainment, charity, religious activities, gifts, doctor's and dentist's bills and professional services, such as barber and hairdresser, are included in the section, higher life.

The home which is run in a business-like manner, and where the wise use of money is discussed and studied will be able to train children along that particular line. There is no place where such training can be given so effectively as in the home, and every child has a right to expect it, since this training is so important to his future success.